

Hypothetical PILT distribution between municipalities and state

						27%	73%
						Municipalities	State of Alaska
							\$
PILT Payment							(149,000,000)
Statewide PILT Allocation						\$ 75,000,000	\$ (75,000,000)
		Pipeline Miles	Compressor Stations	Percentage of Totals			
\$ 140,000,000	Pipeline Allocation	North Slope Borough	183	2	23.02%	\$ 8,701,560	\$ 23,526,440
		Fairbanks North Star Borough	2	0	0.20%	\$ 75,600	\$ 204,400
		Denali Borough	86	1	11.03%	\$ 4,169,340	\$ 11,272,660
		Matanuska-Susitna Borough	179	2	22.80%	\$ 8,618,400	\$ 23,301,600
		Kenai Peninsula Borough	50	0	5.00%	\$ 1,890,000	\$ 5,110,000
		State of Alaska	304	3	37.95%		\$ 53,130,000
\$ 171,000,000	GTP and Feeder Pipeline Allocation	North Slope Borough			100.00%	\$ 46,170,000	\$ 124,830,000
\$ 285,000,000	LNG Plant Allocation	Kenai Peninsula Borough			100.00%	\$ 76,950,000	\$ 208,050,000
						\$ 221,574,900	\$ 225,425,100

ASSUMPTIONS - Pipeline mileage, compressor station locations, % cost estimates subject to change

Original construction cost for total project, \$55 billion:

LNG plant and marine facility, \$25 billion

North Slope gas treatment plant and Point Thomson pipeline, \$15 billion

Main pipeline and compressor stations, \$15 billion

Compressor stations (eight initial stations) represent 20% of the construction cost of the pipeline component of the Alaska LNG project (42-inch line)

PILT calculations as per state/producers negotiated formula presented to the municipal advisory group Sept. 23, 2015

(Original cost + inflation factor - depreciation x throughput x blended mill levy)

PILT calculations and municipal shares based on assumed blended levy of 13.75 mills

Allocations of PILT revenues:

50:50 split of revenues after accounting for State PILT payment and Statewide allocation

Projected PILT revenues are for eighth year of operations

(Due to the five-year rolling average for actual throughput in the PILT calculation, the eighth year could be the first year under the formula to reflect full operations -- assuming three years for phased start-up of the three liquefaction trains and three gas treatment plant trains.)

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